

THE WHOLE FAMILY ADVISOR™

APPROACH TO AUTHENTIC CONNECTION WITH THE NEXT GENERATION

Whole Family Advisors™ know that being a trusted advisor to high-net-worth (HNW) and ultra-high-networth (UHNW) families requires building relationships with and serving all members of a client-family, and across all generations. In our view, embracing the *Whole Family Advisor*™ philosophy and putting it into practice has never been more important to the long-term viability of advisors' practices.

There are many reasons—about 30 trillion of them—why we believe that, all backed by research and all widely reported, including:

- An estimated \$30 trillion of wealth will be transferred from Baby Boomers to their heirs over the next 30 to 40 years,¹ with \$16 trillion of that being transferred to the next generation of HNW and UHNW families.²
- At least 66% of adult children leave their parents' advisor after inheriting.³
- Yet, at the same time, most advisors fail to make even minimal effort to get to know their clients' children—almost 54% say they meet with their clients' children less than once a year, while more than 18% say they never meet with clients' children.⁴

In light of these numbers and trends, now might be a good time to ask yourself a question: Am I a *Whole Family Advisor*™?

If you aren't sure, take a moment to consider the quality of your relationships with your clients' adult children. One of the essential characteristics of a *Whole Family Advisor*™ is an authentic connection to the next generation, also widely referred to as the rising generation.

Strengthening your relationships with the next generation of your client families may help you retain assets under management and grow your business long term as the anticipated wealth transfer takes place. In our view, embracing the *Whole Family Advisor*™ philosophy and putting it into practice is the best way to ensure that your work will have a lasting positive impact on the lives of your client families for generations to come.

About Legacy Capitals

Legacy Capitals is a leading provider of training, coaching, and consulting services on topics such as wealth and values transfer, preparing the rising generation, family governance, legacy planning, and family philanthropy to financially successful families and family businesses, wealth advisors, family offices, and financial institutions.



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CONNECTING WITH THE RISING GENERATION

When advisors think about ways to connect with the next generation, their first approach typically involves planning social events designed to appeal to the interests and meet the needs of the rising generation. Such gatherings provide a way for advisors get to know the future generations of their client-families in a setting that is comfortable for everyone.

There's no limit to the creativity advisors put into coming up with ideas for these events. Craft beer tastings, a photo shoot to provide professional headshots, luxury car test drives, and celebrity chef cooking classes are just a few of the advisor-sponsored events that have been used to engage the next generation, without focusing initially on the family wealth.

These kinds of engaging events may or may not create a setting where connection between advisors and the family members of clients can happen naturally. The type of activity chosen for these get-togethers may be less important than advisors demonstrating that they understand the interests or needs of these family members. Of course, holding these events is just the first step. Building a relationship is the real objective, which requires time and effort to create an enduring connection.

Consider the message you may unintentionally send if your only interaction with these young adults is to provide entertainment but never expect anything more of them. The non-verbal message is that you see the next generation's role as simply to enjoy the perks of their family's wealth, with no need to learn how to manage it responsibly. On the other hand, the *Whole Family Advisor*[™] model posits that these engaging social events are just the first step in a long-term process of strengthening relationships with the next generation and developing their capabilities to be responsible stewards of their family's wealth and legacy.

The *Whole Family Advisor*[™] makes consistent, sustained engagement with the next generation a standard of practice that starts early in the lives of their clients' children and continues as they grow and mature. A business-development initiative based solely on a social event will yield little. This consistent engagement can take many forms. Whether it's acknowledging life events such as graduations or engagements through a call or handwritten note, or offering to provide financial education, demonstrating genuine and ongoing interest is critical.

This reinforces the idea that you, as a *Whole Family Advisor*[™], address not only your clients' immediate investment needs, but also their larger, long-term concerns about managing the challenges their wealth may create for their family members. The *Whole Family Advisor*[™] doesn't claim to have all the answers, but does offer valuable guidance that can help families build strategies to prepare the next generation for success.

ENGAGING THE NEXT GENERATION || AT FAMILY MEETINGS

Beyond building relationships and establishing rapport, the *Whole Family Advisor*™ can engage the next generation in meaningful ways that help bring them into and feel part of family wealth discussions. One of the most effective ways for advisors to do this is by facilitating multigenerational family meetings. Well-designed and staged multigenerational family meetings help all generations move the conversation from preparing the assets for the family to preparing the family for the assets.⁵

Unfortunately, family meetings traditionally have been facilitated in a format of one-way communication: The advisor or wealth creator passes down information to family-member attendees, with little to no expectation of participation by those family members.

The *Whole Family Advisor*™ believes in a more inclusive, two-way communication approach—dialogue, not monologue. Recognizing that every person in the family has significant contributions to make to the family meeting process, the *Whole Family Advisor*™ should create an environment in which every participating family member is given a voice and a role in the meeting. Topics that might be covered during these meetings include:

- Creating family mission statements.
- Defining the purpose of the family wealth.
- Discussing philanthropy, family business succession planning, and much more.

Advisors often worry that their primary wealth-creator/head of family clients may be reluctant to include rising generations in the meetings. These concerns may be addressed by explaining that including the next generation in family meetings is part of an overall long-term strategy to increase transparency, while also strengthening the capabilities and expectations of the rising generation. It does not mean that the client's net worth or other confidential financial information should be revealed. The *Whole Family Advisor*™ co-creates a long-term strategy with the family to increase transparency about the family wealth and engage younger generations in managing that wealth and preserving the family's values and legacy, at a pace that is manageable and wise for all involved.

KNOW YOUR AUDIENCE

The first step in preparing to initiate and strengthen relationships with rising generations is to gain a deeper understanding of this population's unique characteristics and needs. Creating an authentic, values-based strategy to serve next generation members of client-families starts with determining how many are Gen Xers or millennials.

The strategies and approaches for serving these different age groups may differ. There is no shortage of educational resources, from professional seminars and demographic research reports to Internet articles, that offer valuable insights about the culture, interests, aspirations, and habits that are unique to each generation.

For example, research from OppenheimerFunds and Campden Wealth shows affluent millennials':

- Preferred modes of technology for connecting with their parents' advisors.
- Preferred frequency of communications with those advisors.
- Genuine desire to have a relationship with their families' advisors, under the right circumstances, as those wealthy millennials define them.⁶

Advisors would also be wise to educate themselves about the unique challenges of growing up in a family that has significant wealth, an experience that creates needs and perspectives that differ drastically from those of the wealth creator. Children of successful wealth creators often struggle with living in the shadow of such success and determining their role in managing family wealth they did not earn.

By gaining an understanding of these unique challenges, the *Whole Family Advisor*[™] can better relate to next generation family members and, if necessary, help empower them to build the capabilities they need to become responsible stewards of the family wealth for generations to come. Advisor methods might be as simple as eliminating financial-industry jargon and taking the time to respectfully explain terms like benchmark indices or fixed income. Many successful advisors offer financial literacy support without condescension or judgment, especially for members of the next generation who have had little exposure to the financial industry or wealth-management concepts.

It's important not to underestimate the impact that embracing these practices may have on rising generations, for better or worse. To help understand this impact, we can apply Charles Horton Cooley's theory of the "Looking Glass Self." This old and oft-cited concept from the field of sociology theorizes that we acquire our sense of self, in part, by internalizing the image that we perceive others see when they look at us.⁷

The application of this concept for *Whole Family Advisors*[™] is that if your NextGen clients believe you see them as inept, entitled, and disinterested, they are likely to internalize this view of themselves and behave in ways that reinforce that self-image. Conversely, if your NextGen clients believe you see them as capable, intelligent, and responsible, they are likely to internalize those beliefs and behave in ways that reinforce this more positive self-concept.

Of course, an individual constructs their self-concept amidst a complex network of internal and external social influences. However, for your NextGen clients, some of whom may be struggling to develop a healthy self-image amid the challenging dynamics that accompany family wealth, your influence may carry significant weight. They are likely to notice your perceptions of them, and that feedback will become a piece of the puzzle that makes up their sense of self. The best advisors recognize the influence they have in their relationships with the next generation and leverage the power of encouragement and positivity whenever possible to encourage success and feelings of empowerment.

THE POWER OF CONTINUITY AND FAMILY HISTORY

Finally, one of the most essential and under-recognized roles of the *Whole Family Advisor*[™] is to be a strong force of continuity, reinforcing family legacy across generations for client-families. Imagine an advisor serving a wealth builder in the 1970s, seeing the challenges conquered and values birthed in the first generation of the family wealth. That same advisor helps facilitate the wealth transfer to the second generation, witnessing mistakes made, old values melding with new ones, and capabilities developing. As the third generation grows into adulthood, that advisor represents continuity that bridges across the generations.

Such advisors are able to recall and recount the wisdom, worries, and aspirations expressed in private conversations with the family wealth creator two generations prior. That perspective may be invaluable when decisions have to be made today without dad's or grandma's input. Newer generations thrive when they inherit family wealth along with the narrative of the family, including the stories of those who built it, their successes and failures, and the intended purpose of the family wealth across generations.

Families sometimes get distracted with the busyness of life and don't always pass on this legacy as they may have intended. In the midst of this reality, the *Whole Family Advisor*[™] can serve as a kind of "institutional memory" and play a vital role in keeping families focused on their goals and championing the essential cause of the family legacy.

Expanding your practice to become an effective *Whole Family Advisor*[™] ensures the highest level of service for the client-family, while also providing solid business continuity for the advisor through the upcoming wealth transfer and ever-changing climate of the financial industries. The *Whole Family Advisor*[™] has the assurance that the work they do to serve their clients on a daily basis makes a positive impact and leaves a lasting professional legacy as well as a legacy for their clients.

Take the next step to becoming a highly effective *Whole Family Advisor*[™] by connecting with the rising generations of your client-families.

MAKE AUTHENTIC CONNECTIONS WITH THE NEXT GENERATION

- Make NextGen connection a standard of practice.
- Invite them to engaging social events...then build on that.
- Facilitate multigenerational family meetings.
- Educate yourself on the unique needs and experience of affluent NextGen clients.
- Recognize the positive (or negative) impact you have on your clients.
- Be a champion of the family legacy.



LEGACY CAPITALS

YOUR PARTNER IN SUCCESS



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Our team is comprised of professionals who have an intimate understanding of family wealth and family business; hold advanced degrees and various certifications; have authored two books and numerous articles; have two decades of experience consulting, coaching, and training advisors across the financial services spectrum and have two decades of experience consulting and coaching financially successful families.



NOTE: Legacy Capitals does not provide insurance, accounting, legal, cash management, investment, estate planning or other financially related licensed services.



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1. Source: "Promises, problems on horizon as \$30T wealth transfer looms," CNBC.com, 2/16/17.
2. Source: "World's Super Wealthy to Transfer \$16 Trillion in Inheritance Over Next 30 Years," U.S. News & World Report (usnews.com), 1/14/15.
3. Source: "The great wealth transfer is coming, putting advisers at risk," Investmentnews.com, 7/13/15.
4. Source: Investmentnews.com, 7/13/15.
5. The topic of facilitating effective family meetings is covered in detail in the recent white paper, "How Whole Family Advisors™ Create Successful Family Meetings," by Richard Orlando, founder of Legacy Capitals, LLC, and Ned Dane, Head of OppenheimerFunds Private Client Group.
6. Source: "Coming of Age: The Investment Behaviors of Ultra-High Net Worth Millennials in North America," research report by OppenheimerFunds and Campden Research. Charles Horton Cooley, "Human Nature and the Social Order," (New York: Scribner, 1901, 1922, reprinted 1902, 1930).

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